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BRITISH COLUMBIA AND BRITISH INTERNATIONAL RELATIONS

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The political status of a province in the Canadian confederation is clearly defined in the British North America act and relates solely to matters of property and private rights. It is not strictly permissible to speak of British Columbia and British international affairs, for the reason that provinces, as provinces, have no international relations. The people of British Columbia are affected by external affairs only as Canadians and through their local forms of administration have no rights of interference. In such matters the federal authorities are very jealous of even advice from local authorities. It is tendered sometimes by resolution of the legislature and is only effective to the extent in which it may be regarded as indicative of local sentiment. If it should happen that the local administration is in political accord with the federal administration—that is, in respect to conservatives and liberals, as parties are constituted—the former will naturally exercise a much stronger influence with the latter in matters affecting a particular province than if the opposite was the case. This is especially true if the local leader of an administration happens to be, as in the case in British Columbia at the present time, a man of outstanding and commanding position. Sir Richard McBride, the prime minister of the Pacific province, is in political accord with the Right Hon. R. L. Borden, prime minister of Canada, and, for instance, has taken a very positive stand on the question of naval defense, now agitating the whole of the Dominion of Canada, in so far as it relates to the defense of the Pacific coast. It is not too much to assume that the attitude of the former has had a good deal to do with the attitude of the latter in respect to that phase of his naval policy, an outline of which he has just presented to the House of Commons.

While, however, it is true that British Columbia *qua* British Columbia can have no international status or interests, there is a sense in which any province is interested in and affected by inter-

national issues of the empire. Each province, by reason of physical or economic conditions, has, or may have, interests affected by considerations of an international character, peculiarly its own. These, in a country so wide in extent and diversified in resources, can be easily imagined. A treaty affecting fishery rights would naturally affect the maritime provinces in a special way and would have only an academic or purely national interest for the people of Ontario, or the provinces of the Middle West. Or by reason of some special feature, or purpose, of the treaty, it might have a special interest for the people of one coast and not for those of another. A tariff may rest more heavily upon the people of one province than upon those of another. A naval programme has a keener interest for those who live on the Atlantic or the Pacific seaboard than for those who occupy the interior parts of the country. It is in this sense that the caption of the article here being indited has been chosen.

British Columbia is peculiarly affected by, and interested in, several international issues of great moment. Although, as stated, it is a province of Canada, it has interests which are *sui generis* in a degree greater perhaps than is true of any other province of Canada. It is, in this sense, so far apart from the rest of Canada, that in Great Britain particularly the expression is often used, "Canada and British Columbia." It is true that the Middle West, on account of its extent and the homogeneity of its physical conditions, is essentially unlike other parts of the Dominion and is so to speak a law unto itself in the matter of political and economic requirements; but the very uniformity of conditions greatly lessens if it does not indeed simplify the problems which confront the people of the prairies. British Columbia, on the other hand, by the diversity of its resources, the ruggedness of its surface and the isolation created by its mountains, by the long extent of its serrated coast line, its position on the western seaboard of the Dominion, and its geographical relation to the Orient, multiplies its problems and widens the scope of its interests. Its coast is separated from the rest of Canada not only by one range but by ranges of mountains and the province is segregated by the Middle West from the political and as yet the potential center of Canada's activities. It has characteristics similar in most respects to those of Washington, Oregon and California and is strikingly differentiated in nearly all its aspects from eastern Canada just as the states mentioned are from eastern America, presenting differences of climate,

atmosphere, flora, fauna, economic requirements, resources, etc., with which all students of conditions in their respective countries are familiar. If the divinity which shapes our ends had been guided by considerations which nature alone would suggest we should have had, not two, but three or four nations in the North American continent. Following the lines of similar environment and least resistance, the boundaries of these nations would have been coincident with those of three or four distinct natural zones—the Pacific, or Cordilleran, the Middle West, or prairies, and the country east of them to the Atlantic, the latter, of course, being capable of a further subdivision. It was upon conditions suggested by physiography that Goldwin Smith founded his theory of a single American nation, because his philosophy could not reconcile itself with a successful conflict against geography in the attempt made by Canada to remain a political entity, more especially as the people inhabiting both Canada and the United States were mainly of one language and of one blood. We need not stop to discuss the factors which have intervened so far, to upset the successful operations of his theory. As psychic forces are greater than material forces in the evolution of destiny, so there are elements in nationality more subtle and elusive of control than those contained in purely physiographical or even ethnographical conditions.

The principal differences between the Pacific divisions of Canada and of the United States at present are those created by exploitation and land development. The Pacific states, owing to the discovery of gold in California in 1849 and to railway construction, were earlier in the race and have made greater advances in the same time. The social substratum of the population and the character of the political institutions have also had something to do with the general divergences observable. We have Biblical authority and the authority of experience for the statement that as man thinketh so is he, and this is true in the collective as well as in the individual sense. Similarity of conditions, however, in the long run will produce a somewhat general similarity of results, and the problems of British Columbia, political and otherwise, are not unlike those of the country immediately to the south. If the Panama Canal is of special interest to the seaports of British Columbia so it is to those of Washington, Oregon, and California; if the yellow peril menaces British Columbia so also it does the Pacific coast states; if reciprocity would benefit or

injure the former it should, according to circumstances, have some corresponding effect in the latter; if British Columbia requires naval protection on the Pacific, the exigencies of the situation created by war from whatever source are equally great along the coast south of the boundary line. Broadly speaking, these are the problems of an international character which are uppermost in the minds of the people of British Columbia and which politically have had the greatest amount of attention of recent years. I, therefore, propose to discuss them in the following order suggested by their priority as public issues:

1. The tariff on a basis of reciprocity.
2. The dangers of Oriental invasion.
3. The alternative route to eastern Canada, Great Britain and the continent of Europe afforded by the construction of the Panama Canal.
4. The requirements of naval defense on the British Pacific.

In what follows, I do not profess to offer solutions solely in accord with local sentiment; because the exigencies of politics, in its restricted sense, do not always suggest the wisest remedies to be adopted and very often obscure the atmosphere for the better understanding of the merits of the disputes involved. I shall, however, endeavor to present as fairly as I can the nature of local sentiment in each case.

First, as to the tariff: That question is, I was going to say, as old as the hills—the mountains for which British Columbia is famous. In the very early days, Victoria, the capital of the colony of Vancouver Island, was a free port and the Hudson's Bay Company, then in control, was fully imbued with the free trade sentiments of Great Britain. Curiously enough, Sir James Douglas, governor, in his "speech from the throne" in the first legislature in 1856, made reference to the impending reciprocity treaty between Canada and the United States and expressed the hope that Vancouver Island (then an independent crown colony) would be included in its provisions. Of course, Vancouver Island then had only about two hundred settlers, mostly servants of the Hudson's Bay Company, or its auxiliary, the Puget Sound Agricultural Company; and Victoria itself was only a stockaded fort. There was a nice academic touch to this sentiment which does credit to the modernity of a governor of a fur-trading colony, born as it was in the shadow of a great wilderness,

and still in its puling infancy. The colony of British Columbia on the mainland, which was established in 1858, had a tariff, and after the union of the two colonies in 1866 the tariff wall was still maintained. One of the big issues at the time of Confederation with Canada in 1871 was the tariff, especially in respect to agricultural products. The British Columbia schedule was higher than that of Canada. The colony then was and, as a province, has continued to be protective in sentiment. Hence in the reciprocity campaign of 1911, British Columbia was solidly against the proposed pact, not only from sentimental but from economic reasons. Sentimentally, the people of British Columbia are British almost to a man. From an economic point of view, they are very un-British. That is to say, they have not imbibed British traditional love of free trade. The situation economically can be explained very briefly. Our most important industry, prospectively, at least, is fruit growing. It is commercially still in the stage of infancy, as compared with the fruit-growing industry south of the line, which is thoroughly established, splendidly organized, and highly productive. It can be easily seen that the Pacific coast states, with their relative superiority as to present position, under reciprocity, could absolutely control the market in fruits, green and preserved, from Vancouver to Winnipeg and greatly hamper the development of the industry in British Columbia, an industry now mainly dependent upon the Middle West for its market and requiring at least another ten years to catch up with its southern competitors. Even at present a very large percentage of the requirements of the fruit market of Vancouver and Victoria is supplied from the American side. What is true of fruit is also true of agricultural produce generally and it is absolutely certain that under the proposed arrangement the commission houses of Seattle, Portland and San Francisco would be supreme on this coast and, in respect to much of the business done there, in the Middle West as well. If the farmers of the prairies had been given access to the doubtful benefits of the markets of one hundred million people, they would have lost the market in British Columbia in which they have had a monopoly in certain products and which has been more profitable to them than any other market as yet available.

Our mineral products were not affected by the proposed arrangement, except very slightly in the matter of coal, notwithstanding that it professed to be a pact based upon an interchange of natural

products. The export of lead ores to the United States free of duty would have been of substantial advantage to the mining community; and it was to compensate the miners of the southern interior for the loss of the United States market that the Dominion government some years ago placed a bounty upon the production of lead in order to encourage the industry and to keep the silver-lead mines open. With reference to coal, the Pacific state ports, and especially San Francisco, have been the principal market for Vancouver Island coal from the very outset, and of recent years the smelters of Idaho, Montana and Washington have been getting their supply of coke from British Columbia ovens. The removal of duty on coal would have been an advantage to producers and consumers in both countries, and why the duties on the minerals referred to were not proposed to be taken off in accordance with the general features of the scheme remains inscrutable. Free coal for California would, as a matter of course, have carried with it free oil for British Columbia for fuel purposes.

Naturally, the supposition would be that British Columbia would have been greatly benefited by obtaining a free market in the United States for fish and fishery products and timber and timber products. But here conditions not theories govern the situation. In regard to fisheries products, except in the matter of salmon canning, Americans control the supply out of our waters as it is. The New England Fish Company, doing business in British Columbia ports, has a practical monopoly of the halibut fisheries, industrially and commercially. The halibut industry has for some time assumed very important proportions and the removal of the duties would simply have facilitated the operations of that company without any special advantage to the fishermen of this province. The New England fish combine controls the fish market of eastern America, and outside companies have but little chance of doing business in competition. American boats fish along the entire coast of British Columbia, as often within as without the three-mile limit, and by making Seattle headquarters have a very big advantage over local fishermen. In timber and timber products, on the face of it, the case would seem still stronger in favor of reciprocity, inasmuch as certain classes of lumber are already admitted to Canada duty free; but in my humble opinion, at least, the timber products of British Columbia have but little prospect of enlarging their mar-

ket in the United States in competition with the mills of the Puget Sound, which, under the proposed arrangement, would have had British Columbia logs to draw upon for a supply of raw material. This is demonstrable in a practical way under existing conditions. The mills of British Columbia, for instance, apparently have equal opportunities in the export markets of the world; but it is a fact that for one ship loading lumber in British Columbia waters for foreign parts at least half a dozen load in Puget Sound ports. If this be the case in regard to markets abroad in which there are equal opportunities and advantages, how much truer it would be in the home market of the United States. Washington lumbermen undersell British Columbia millmen in Winnipeg and other points in the Canadian Middle West. They have taken large railway contracts even in British Columbia away from their British Columbia rivals. This is the result, as I have already intimated, of a condition not a theory. The sawmilling industry in the Puget Sound country is more highly organized and specialized, and under modern methods the more highly organized and specialized an industry becomes the better chance it has, even in the face of tariff obstructions. With the depletion of timber in Washington and Oregon, British Columbia logs are more and more in demand, a fact which as far back as 1903-4 induced the British Columbia government to place an embargo upon their export. This is a general condition in Canada now, except in respect to timber on federal limits, and were it not for that saving clause (the only clause of the reciprocity treaty left intact in the United States act of confirmation) the mills of the latter country would very soon exhaust our raw material and ship back the finished product to Canada in competition with her own mills. It would not have paid Canada in the long run, and on the other hand would have been disastrous to her best interests.

Moreover, it should be pointed out that a great deal of fallacy has existed and still exists about the effect of free interchange of products of nations in lowering prices to the consumer and in dealing a blow at the trusts. I am not a protectionist in theory and only believe in protective tariffs in so far as they enable Canada or the United States to develop industries under the most favorable conditions in the face of the competition from more highly organized and older established industries of other countries. I believe in Canada for Canadians in so far as Canada can be benefited by such a policy.

All policies and theories are subject to modifications according to the actual facts to be faced. A scientific tariff is one that, as nearly as possible, adjusts itself to the economic requirements of the country, being either high or low or not at all as conditions dictate, our own general prosperity and the weal of the greatest number being the object to be kept steadily in view; but we can easily see that such a policy may be made and is being made the subject of serious abuse both in Canada and the United States. Now, the fallacy referred to is that trusts in America may be regulated or controlled by tearing down the tariff barriers between the two countries. Trusts in Canada and elsewhere have been created as the result of modern facilities of transportation and intercommunication—railways, steamships and telegraph lines and general reduction in postal rates. By these means the area of the producers' operations has been extended throughout the forty-eight states of the Union among which there is free trade. The same is true of Canada, with its nine provinces. By the aggregation and combination of capital and the superior organization of industry and commerce and finance in connection therewith a single firm or combination of firms comes to control the entire area in the line of its particular production or sale. If you sweep away the tariff obstructions to trade between Canada and the United States you simply extend the area of trust operations, and instead of forty-eight states you have forty-eight states and nine provinces. The greater force in commerce and industry, as in war, must prevail, and the danger to Canada in reciprocity was that the trusts would have swallowed up the continent as a whole. Canada must inevitably become Americanized in trade and commerce. Under reciprocity, for instance, within five or ten years the commercial end of the fruit, fishery and timber industries in British Columbia would be in the hands of Americans. Political control follows commercial control as certainly as night follows day, and President Taft spoke truly when he said that through reciprocity Canada would become "an adjunct" of the United States. Canada, and especially British Columbia, realized that fact at the outset and rejected reciprocity. It was not an expression of ill-will; it was a demonstration of the desire of Canadians to work out their own destiny in their own way, as the people of the United States have done, without entangling commercial alliances that might divorce their future from the line of British affiliations upon which

they long ago set their hearts, and towards which all their aspirations tend. So far, therefore, as the general result was concerned, national sentiment and national economics went hand in hand and cannot be disassociated. To preserve their allegiance to the Empire and to achieve their ambition to become full partner in its affairs, Canadians must maintain their commercial independence. Canada does not object to doing business with the United States; but it wants to do business under conditions which will best further its own interests and those larger interests which lie in the direction of imperial federation.

Alien immigration and especially the immigration of Orientals has always been a question of vital interest in British Columbia. Her problems in that respect are unique in Canada. The opposition to Chinese had its genesis with the labor organizations many years ago. It later extended to the Japanese and the Hindus. Doubtless the feeling in the ranks of labor on this subject was considerably influenced by what occurred in the Pacific coast states and by the agitation there which led to the total exclusion of the Chinese. As population increased in the towns of British Columbia and in the mining and lumbering camps the labor unions increased in number and influence, until politicians felt bound to give effect to their demands, if not fully at least substantially—not that politicians in their heart of hearts were in sympathy with the movement or cared much about the “heathen Chinese.” To them activity in opposition to the Oriental was the easiest road to popular favor. In one way and another antagonism to all forms of Asiatic immigration has become crystallized into a settled policy of resistance. No public man in the province dare raise his voice in its favor, unless perchance he happen to represent a truly rural constituency, and even then his sentiments would be quoted against the party with which he was allied and would as surely be repudiated by his political associates. For forty years anti-Chinese or anti-Asiatic resolutions, or legislation in some form has appeared in the provincial parliament as regularly as parliament sat. In other words, the question has proved to be a robust plant of unfailing bloom. At an early stage the legislature assumed the right to impose a head tax upon Chinese, but the measure was promptly vetoed by the Dominion authorities as being *ultra vires*. In 1886, the federal parliament adopted this method of restriction by imposing a tax

of fifty dollars per head, with little practical effect. This was subsequently raised to one hundred dollars per head, also without materially checking immigration. Then, as the result of strenuous agitation in British Columbia, the head tax was raised to five hundred dollars, with the effect for a time of practical exclusion. These restricted measures had curious results. From long before Confederation, housewives, farmers, millmen and others depended upon Chinese labor to a considerable extent. It was obtainable according to age at from five dollars to twenty-five dollars per month. Later on railways and salmon canneries employed Chinese extensively, and they competed with white labor as tailors and in factories. In fact, they were in competition with white labor in all kinds of work.

The effect of restriction was to raise the price of wages among the Chinese each time it was increased, until after the five hundred dollars was imposed, the Chinamen, secure in the labor market against more Chinamen, advanced their own wages by some method of combination until the scale now runs from twenty-five dollars to fifty dollars and sixty dollars per month. This lucrative wage attracted the cupidity of the Japanese, upon whom there was and could be no legal embargo, and they increased very rapidly in numbers in a very short space of time. Then, five or six years ago, Hindus, similarly attracted, also came in large numbers. They were principally Sikhs, discharged soldiers, and, as British subjects, could not very well be objected to. A temporary depression in 1907, owing to the slump in the money markets and the failure of crops in the Middle West, brought about a slackness in the labor market, and feeling against these importations culminated in riots. The Chinese, except that they were generally in demand, as a problem, were comparatively easily dealt with; but with the Japanese and Hindus the case was quite different. The proud Japanese nation resented discrimination against its subjects. In the case of Japanese, therefore, delicate diplomacy had to be resorted to and on the grounds of the well-being of both races, the Japanese government voluntarily agreed to limit the numbers to come to Canada each year to a comparatively harmless minimum. In the case of the Hindus, it was hard to find justification for exclusion that would satisfy Hindu, shall I say, prejudices. At the time they began to come in numbers, the state of unrest in India was giving the British

government great anxiety. For a few representatives of the British Empire to exercise sovereignty over 150,000,000 of racially alien peoples, and then the rights of citizenship to be denied to these peoples on British territory elsewhere, was what the Englishman would call "a little thick," and the two facts taken together required some effort to make them fit in with Hindu logic, not to refer to the feat involved of skating on very thin moral ice. Ethically it could not stand the test of metaphysical treatment; but all matters of ethics to be reasonably applicable must conform in practice to the requirements of common sense, and the problem really resolves itself, in the final analysis, into, not a question of ethical fiddling, but the primal law of necessity—self-preservation.

An Oriental standard of living, of sociology, inbred by the pressure on each other, of generations of millions of population, cannot be grafted upon an Occidental stock nurtured in the free, open, elbow-room atmosphere of the West without serious injury to the latter. Admit the principle of unrestricted immigration from the teeming fields of Asia, upon the grounds of morality and pure ethics, and you commit the greater crime of swamping the white man in his own territory. If it be held that this is a case in which the law of the survival of the fittest should hold, it must also be held that it involves a principle which provokes the primal instinct of resistance of the white man as an animal to live as he has lived and is wont to live. To races of diametrically opposed standards and culture the law must be to remain each within his own biological sphere, or the ultimate result must be disaster to one or both races. If Great Britain disregards the theory on Indian soil, it is because she proceeds on the principle of ruling the country for the country's good, a country which otherwise would be delivered over to the woes of internecine tribal strife, and incidentally for the commercial profits of occupation, the possibilities of which were revealed to the early semi-sovereign trading corporations of gentlemen adventurers—as she rules Egypt and large areas of the African continent, and as she once ruled Canada, Australasia and Cape Colony. With these motives, however, we have nothing to do. British Columbia has asserted the right to be essentially a white man's country and the right extends equally against all Asiatic races which stand geographically a menace to her on the thither shores of the Pacific.

To speak frankly, the Japanese are a greater danger and the least desirable of the three racial elements to which the province is opposed and that because of their enterprise and aggressiveness, their determination to get a foothold on equal terms with the Anglo-Saxon, a desire, which by the way, the Japanese government resists on the part of the citizens of other nations in Japan. In their public policy the Japanese nation is the perfect embodiment of the principle of Japan for the Japanese and as much of the rest of the world as possible. Their moral standards, however justifiable from the Japanese standpoint, are not ours and in matters of daily contract are not reliable. Their word is not dependable and their motives always ulterior. They have the gloss of politeness and extreme courtesy, a Frenchified exterior of conduct; but remove ever so little of cuticle and you reveal the Tartar. It has often been remarked that their absorption of western civilization is only skin deep. The Chinese, on the other hand, are as a rule industrious, honest, faithful to their employers, cleanly in person, and without desire to assimilate or to establish themselves in the land. While in unlimited competition, on account of the very qualities I have enumerated, they are the natural enemies of the white laboring interests, they are admirably useful as servants, as economic machines, and I, personally, always have held that their free admission for the restricted purposes of domestic service and farm labor would be highly beneficial and advantageous to the country. It is legally and constitutionally practicable and feasible to permit and regulate this without infringing upon the rights, prerogatives or advantages of white labor, which, if class prejudice did not intervene, would be distinctly benefited. It imparts to the white laborer immediately the status of aristocracy in his field. No one in his senses would advocate the reduction of the standard now enjoyed by organized labor, because the wealth of the unit is the true standard by which to measure the wealth of the nation; but one of our greatest economic problems in the province of British Columbia, and a similar condition obtains in Washington and Oregon, is the development of the land, the essential element of which is cheap labor and effective mechanical devices. Land clearing, the handling of fruit, dairying specifically, and small farming generally, for which agriculturally the province is particularly adapted and upon which lines it must evolve successfully, demand plentiful

labor at low prices at all seasons of the year, which white labor, so far as my experience and observation go, is neither anxious nor desirous of affording. Nor do I think it particularly desirable that the white laborer should become a hewer of wood and a drawer of water for his white fellows. It is contrary to the genius of the Anglo-Saxon race.

With Chinese labor to assist our wives, who demand every consideration in a country of high prices, and to work in our fields and do the drudgery of development, skilled white labor, male and female, has a wide scope for usefulness and profit, greatly enlarged in consequence of what willing and satisfied Chinese can make possible. Of what use, however, in discussing the proposal! The iron, relentless hand of the politician will smash every such suggestion upon its very first appearance. The Hindu, newly imported, with his skinful of prejudice and traditional occultism and caste, is impossible. Physically and mentally he has qualities which in the second generation would perhaps beneficially assimilate with the white race; but the process is fraught with danger. Undoubtedly, the yellow or brown or dusky peril of the Orient is imminent and economically is real and menacing. British Columbia and Canada are right in resisting at the outset the danger which may some day have to be faced on sea and land in military and economic warfare. One necessary precaution, apart from the economic situation of industrial and commercial competition from the Orient, is to prevent a foothold being obtained now or at any time in the future on this coast. The danger is in numbers not in individuals and a half a million whites in a territory so large as British Columbia would be as one against a host. A million or two in the Middle West would have just as little chance against a horde of Asiatics. The safe principle is the recognition of racial rights within racial or biological spheres, each race being equal and dominant in its own territory. The proper solution of the immigration problem in respect to Japan is based upon reciprocal entry of citizens back and forth. In this way, national pride is not wounded and equal rights are maintained without loss of national dignity.

The effect of the Panama Canal on the general trend of the world's trade and commerce no one has been able to definitely predict. The outcome is quite problematical. That it will be revolutionary in character no one can doubt. It is an alternative route

to the Suez Canal and means cutting the earth in half to reach the Pacific Ocean by a more direct route. Its completion may fairly be regarded as epochal and it means a general readjustment of conditions and a re-partition of trade as between East and West. In British Columbia, in common with other portions of the Pacific coast, expectations have been very high and the contemplated early opening of the Panama Canal has greatly influenced the policy of the local and federal governments with respect to increasing harbor accommodation and providing ample transportation facilities. The Panama Canal from a provincial point of view, I cannot help thinking will not be an unmixed good, a possibility which people in their enthusiasm are apt to overlook in their calculations. Its effects, as already indicated, must in any event be problematical, but there are several things which must appear as obviously inevitable. First, a very considerable amount of Oriental traffic, instead of going to and fro by way of Vancouver or Seattle or Portland or San Francisco, as in the past, will pass direct from points of shipment to points of destination, without breaking bulk and at a cheaper rate than would be possible by rail and water. This will be true of all traffic regarding which speed is not an element of advantage, either as to the carriage under contract in which time is the essence, or the saving of interest on the value of expensive consignments. This new condition will obviously apply to shipments to and from Australasia. It is possible, of course, that railways will reduce their rates on through shipments to meet the competition, but even then it only seems possible in a limited way. Another result will be that the manufactures of eastern Canada, the United States and of Europe will be brought into closer competition with local manufactures all along the Pacific coast. This may have the result of discouraging local industrial development in certain lines—for instance, in the manufacture of iron and steel, although on the other hand it may make the conditions more favorable by equalizing the factors as between East and West. It is always very difficult to say what new factors may enter into a new field, and the Pacific from this time forth must be regarded for practical purposes a new sphere of commercial action.

Taking the anticipated advantages, about which there seems to be but little doubt, the Panama Canal should greatly stimulate the development of industries based on all natural resources, such as timber, fish, fruit, and certain minerals. In timber, particularly,

the export trade should be greatly increased to all parts of the eastern hemisphere, and if the United States in its own interests should decide to permanently remove the duty on rough lumber and pulp, the market in the eastern half of America for British Columbia timber should be of immense proportions. The demand for paper and pulp in the United States is daily increasing and the supply of pulp wood is daily becoming a matter of greater concern. The pulp industry on the British Columbia coast is just beginning to take shape, but with the Panama Canal and a free market in the United States there should be practically no limit to the demand for its products. By modern methods, it is entirely possible to ship fish and fruit in a fresh state in cold storage to Great Britain and the continent through the canal at all seasons of the year. Shipments of halibut and salmon could be laid down in Boston and New York via the Isthmus at a cheaper rate than across the continent by rail in iced boxes. A good deal of mineral matter and possibly certain classes of ores might go the same route to refineries and smelters in Great Britain and elsewhere.

From a Canadian and also from a British Columbia point of view, the most important effect of the canal will be the transport of grain from the Middle West of Canada to the markets of Great Britain and the continent. All our railway experts before the railway commission have declared that grain cannot be carried at present through Pacific ports around the Horn to the old country in competition with the established routes eastward, and we may assume that they know their own business best. The completion of the canal, however, will reduce the distance from Vancouver to Liverpool approximately from 15,000 miles to 8,836 miles, and ought to reduce the present ocean rates by at least a third; or, in other words, it makes Vancouver and Victoria from 23 to 25 days nearer to Liverpool by steamer. It is estimated—I am now taking the figures prepared by the Vancouver Board of Trade—that from points of the Middle West in Saskatchewan and Alberta west of Moosejaw on the Canadian Pacific Railway the rate via Panama will not exceed 22 cents per bushel of grain to Liverpool, while the present cost of transportation from similar points via Fort William and the Atlantic is from 25 to 26 cents in summer and as high as 36 cents in the winter. It is obvious that from the almost coincident completion of the canal the Grand Trunk Pacific and the Canadian Northern Pacific Railway

to the coast, there is room almost immediately thereafter for an enormous traffic in grain, especially in wheat, taking advantage of an alternative route to Europe, not unlikely to attain to a volume of 150,000,000 bushels of grain per annum within the next decade. During the past three years Vancouver exported approximately 750,000 bushels of wheat and 500,000 bushels of oats mainly to Mexico and the Philippine Islands. A very small experimental business only has been done with China and Japan, notwithstanding that Puget Sound ports, Portland and San Francisco export large quantities of wheat there. This is due to the fact that the Oriental market demands soft wheat, or pastry, flour and is unused to the hard wheat flour of the prairies. Whether that condition will change in time one cannot say, but in any event our big market is in Great Britain and the continent, to which places Tacoma and Portland have shipped largely, and in 1911 as high as 12,000,000 bushels. The production of grain in the Middle West is increasing enormously per annum and reached 400,000,000 bushels in 1911. So great indeed is the volume of grain grown that it cannot all be shipped in one season through Canadian channels. During 1911 over 25,000,000 bushels of Canadian wheat found an outlet through Buffalo and New York to the ocean. The following distances by rail give an idea of saving on grain freights possible over the western route:

Calgary to St. John.....	2,637	miles
Calgary to Fort William.....	1,260	"
Calgary to Vancouver.....	644	"
Edmonton to Fort William.....	1,451	"
Edmonton to Vancouver.....	735	"
Moosejaw to St. John.....	2,396	"
Moosejaw to Vancouver.....	1,085	"

It will be seen, therefore, what intense interest the people of British Columbia have in the opening of the Panama Canal apart altogether from the effect of the recent action of Congress in exempting American coasting vessels from tolls in passing through. In regard to the latter, it is almost needless to remark that British Columbia sentiment reflects strongly general British sentiment on the question. One result of such differentiation would be to deflect a good deal of purely Canadian traffic that would otherwise belong to British vessels. A very important question arises here as to what is a coasting vessel in such circumstances. There is nothing

in law to distinguish a coasting vessel in tonnage and equipment from an ocean-going vessel, and its status must be determined by the law governing coastwise trade, and that is more or less identical in the United States and Canada. I take it according to regulations in force on this coast that an American vessel could carry a consignment of freight and passengers from Vancouver to New York, for instance, and on her return carry a consignment from the latter place to the former. Or an American vessel could take passengers and freight from St. John or Halifax to San Francisco, Portland or Seattle, passing through the canal without paying tolls. To say the least, it is rather an abuse of the term coastwise or coasting vessel by which to describe a steamer trading between two such points, as a glance at the map will reveal. One might as well describe a vessel trading between Calcutta and Liverpool as a coasting vessel, because, forsooth, she is sailing between two British ports without making intermediate calls at foreign ports. The voyage from Seattle to St. John is a tolerably long one and crosses long stretches of ocean to make the trip, and except for the diplomatic fiction that the canal zone is American territory is made through waters that are not in any sense territorial. Apart from that, however, it must be clear that the new law of Congress exempting coastwise American vessels is a technical evasion of the terms of the Hay-Pauncefote treaty, which did not contemplate any discrimination as among the ships of all nations using the canal, and it may be taken for granted that it would not have been signed by the British minister if the American intention had been declared in advance. It cannot affect the grain trade, but with the opening of the canal a considerable reciprocal trade of the nature suggested to be done by "coasting vessels" will be developed, and if the United States, to speak frankly, do not agree to refer the question to international arbitration it must be regarded as doubtful practice and would deepen an impression, already to some extent existent, which a great nation cannot afford to allow to become current among other nations.

Among the greatest of the international problems in which British Columbia is interested is that of naval defense. It is not strictly international, but has international bearings of a most momentous character. It is a question which is now in the political limelight throughout Canada. Sir Richard McBride, Premier of British Columbia, has emphasized our peculiar position on the Pacific

seaboard, exposed as it is to attack from the United States, Russia, China and Japan, in particular, without a single effective fighting ship, either Canadian or British, within striking reach. His frequent references to the subject have drawn the attention of the federal and imperial authorities to the necessity of a fleet unit on the Pacific to guard British possessions and British shipping in time of war and to avoid the possibility of advantage being taken of the weakness of that position. What a Pacific fleet unit is I need not discuss. It means, in plain language, a naval defense armament being created or transferred to British Columbia waters. Both political parties, locally at least, profess to believe in that policy as desirable and necessary; but political opinion is divided as to whether that fleet should be Canadian, part of a distinctively Canadian navy, or a division of the British navy assigned to the Pacific coast in our waters for purposes of defense. Whether there should be a Canadian navy operating in a prescribed area, designated Canadian, as advocated by Sir Wilfred Laurier, and the preliminary steps towards which were taken by him, or an empire navy contributed to by all the dominions and under one central control, as is supposed to be the policy of the Conservative government at Ottawa, I am safe in saying that the great mass of the people of British Columbia would support the latter scheme, as being the most effective and the cheapest to all concerned. The naval policy just submitted by the Right Hon. R. L. Borden at Ottawa, with the full concurrence and support of the imperial authorities, is not intended to be a final or even partial settlement of the question. It cannot even be described as a policy at all, so far as the ultimate intentions of the government in respect to a permanent naval programme, are concerned. If the idea is, as we must assume it to be, to secure the cooperation of all the dominions to a policy of cooperative defense, all the other dominions must first be consulted and out of the various views on the subject will be evolved a scheme that, if unanimity can be secured, will finally, in the course of two or three years, be submitted to the electors for approval. In the meantime, the people of British Columbia are enthusiastically in favor of the emergency contribution of \$35,000,000 in support of the British navy as it now exists, which will include temporary provision, at least, for a fleet unit on the Pacific. If my personal views were of any value I should have no hesitation in saying that such a solution has appeared to me for years

to be the only true solution of the empire's destiny—a solution based on the cooperation with the mother country of all the daughter dominions and parts of the empire, not only in respect to defense, but in mutual trade relations and in a comprehensive, general form of political organization following the lines of existing British representative national institutions.